

Counterfeit Check Scams

You may think cashier's checks and money orders are as good as cash, but really they're just like any other check - they are only as good as the person sending it to you, whether it's an online acquaintance or a buyer of an item you advertised for sale.

A seller advertises an item or service over the Internet, such a flat screen TV on craigslist. A "buyer", often from a foreign country, contacts the seller about purchasing the item or service with a cashier's check issued from a bank in the United States. The buyer tells the seller that he will send his "agent" to pick up the item, but the buyer either mistakenly sent too large a check or that he will be sending a check for more than the purchase price to cover any inconveniences or unforeseen costs such as shipping.

In friendship cases, the scam starts in chat rooms on the Internet, where participants tell a hardship story; usually involving having a large check they cannot cash in their own country. The scammer tells their chat room friend that, if they will cash the check for them, they can keep a portion of the proceeds for themselves.

In either event, the seller or friend is instructed to immediately wire the balance back to the buyer. The unsuspecting victim then deposits the cashier's check in their bank account and waits until they think the check clears. Because a cashier's check is used, a bank will typically release the funds immediately, or after a one or two day hold. At that time, the victim is able to withdraw the "overpayment" before the check winds its way back to the bank that supposedly issued it. That can take two to three weeks, or even longer. Of course, after wiring the money back to the buyer, the scam artist is nowhere to be found and the victim learns from his bank that the check was counterfeit, and he must refund the full amount to the bank.

These fake cashier's checks and money orders have the appearance to be authentic — including the name of a legitimate United States bank, and even containing the magnetic routing codes that appear along the bottom of the check.